

DOUBLE TAXATION: SHIPPING PROFITS

Exchange of notes at Washington November 26, 1924, and January 23 and March 24, 1925

*Entered into force March 24, 1925; operative from August 11, 1924
Suspended December 11, 1951, by convention of June 13, 1949¹*

47 Stat. 2617; Executive Agreement Series 15

The Norwegian Minister to the Secretary of State

NORWEGIAN LEGATION
WASHINGTON, November 26, 1924

SIR:

By the note which I had the honor to address to the Acting Secretary of State on February 28, 1922,² and Your Excellency's note of November 14, 1922,² it was established that reciprocal exemption of income and excess and war profits taxes existed for a non-resident Norwegian or Norwegian corporation in the United States, and for a non-resident American or American corporation in Norway, with regard to income consisting exclusively of earnings derived from the operation of ships under their respective flags; see Norwegian Taxation Laws of August 18, 1911, and the United States Revenue Act of 1921, section 213(b)(8).³

By new taxation laws enacted in Norway on August 11, 1924, an amendment has been made to the exemption provisions of the laws of August 18, 1911. I hereby enclose a copy of the new laws and a translation into English of the amended provisions according to which persons, companies and corporations belonging in a foreign country are exempt from taxes on property in and income from ship[s] engaged in traffic on a Norwegian port or between Norwegian ports and from taxes from income arising from the sale of tickets for the transportation of persons out of the kingdom; provided that Norwegian persons, companies and corporations are exempt in the country in question from taxes on corresponding activities.

¹ 2 UST 2323; TIAS 2357.

² *Ante*, p. 467.

³ 42 Stat. 239.

By the new law provisions, the reciprocal exemption of income and excess and war profits taxes in Norway and the United States with regard to income derived from the operation of ships under their respective flags is reaffirmed.

Accept, Sir, the renewed assurances of my highest consideration.

H. BRYN

His Excellency
Honorable CHARLES E. HUGHES,
Secretary of State,
etc. etc. etc.

[ENCLOSURE]

Translation of following provisions of the Norwegian Laws of August 11, 1924, amending Article 15 in fine of the Law of Taxation for the Country Communities, and Article 10 in fine of the Law of Taxation for the Cities of August 18, 1911, which two Law Provisions are identical:

"Persons, companies and corporations belonging in a foreign country are exempt from taxes on property in and income from ship[s] engaged in traffic on a Norwegian port or between Norwegian ports and from taxes on income arising from the sale of tickets for the transportation of persons out of the kingdom; provided that Norwegian persons, companies and corporations are exempt in the country in question from taxes on corresponding activities. If this be not the case, the King can decide that foreign persons, companies and corporations shall pay taxes on property and/or income on activities as mentioned. In so far as sale of tickets for transportation of persons out of the kingdom is concerned, this does not apply but when the sale is effected through an agent or commissioner under the Law on Emigration of May 22, 1869, see Law of June 5, 1897, and Law No. 1 of September 16, 1921. The King will also issue regulations concerning the extent of the taxation and the assessment and collection of the taxes."

The Secretary of State to the Norwegian Minister

DEPARTMENT OF STATE
WASHINGTON, *January 23, 1925*

SIR:

I have the honor to refer to your note of November 26, 1924, concerning the new taxation laws enacted in Norway on August 11, 1924, which, in your opinion, reaffirm the reciprocal exemption of income and excess and war profits taxes in Norway and the United States with regard to income derived from the operation of ships under their respective flags.

It appears from the enclosures transmitted with your note that the Norwegian laws of August 11, 1924, in translation, provide in part as follows:

"Persons, companies and corporations belonging in a foreign country are exempt from taxes on property in and income from ship[s] engaged in traffic on a Norwegian port or between Norwegian ports and from taxes on income arising from the sale of tickets for the transportation of persons out of the kingdom; provided that Norwegian persons, companies and corporations are exempt in the country in question from taxes on corresponding activities. . . ."

I have the honor to inform you that it has been held by the appropriate authorities of this Government that the provision of the Norwegian laws of August 11, 1924, above quoted, satisfies the equivalent exemption provision of Section 213(b)(8) of the Revenue Act of 1924,⁴ and that, therefore, the income of a non-resident alien or foreign corporation, which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of Norway, is exempt from Federal income taxes imposed by the Revenue Act of 1924.

Accept, Sir, the renewed assurances of my highest consideration.

CHARLES E. HUGHES

Mr. HELMER H. BRYN,
Minister of Norway.

The Norwegian Minister to the Secretary of State

NORWEGIAN LEGATION
WASHINGTON, *March 24, 1925*

SIR:

In the note which Your Excellency's predecessor was good enough to address me on January 23, 1925, it was stated that the appropriate authorities of the Government of the United States had held that the provisions of the Norwegian laws of August 11, 1924, satisfy the equivalent exemption provision of Section 213(b)(8) of the Revenue Act of 1924, and that, therefore, the income of a non-resident alien or foreign corporation, which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of Norway, is exempt from Federal income taxes imposed by the Revenue Act of 1924.

In reply to Mr. Hughes' note I have been authorized by my Government to confirm to Your Excellency the existence of reciprocity under the above mentioned Norwegian and American laws and that, therefore, persons, com-

⁴ 43 Stat. 269.

panies and corporations belonging in the United States of America are exempt in Norway from taxes on property in and income from a ship or ships, documented under the laws of the United States, engaged in traffic on a Norwegian port or between Norwegian ports, and from taxes on income arising from the sale of tickets for the transportation of persons out of the Kingdom of Norway.

Accept, Sir, the renewed assurances of my highest consideration.

H. BRYN

His Excellency,
HONORABLE FRANK B. KELLOGG,
Secretary of State,
etc. etc. etc.